



PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee ("Committee") Meeting held on **October 21, 2021**.

PUBLIC MEETING NOTES:

Call To Order:

1. By Michael Musante at 12:32 pm
2. Michael Musante reminded the committee members of the conflict of interest policy and asked if everyone had completed the form and if there were any recusals.
3. Sara Batterton disclosed that within the last 5 years she had a child attend Lee Montessori PCS and that she had completed contract work for Level Field Partners. No conflict of interest is present.
4. There were no recusals.

Committee Members Present: (appearing via GoToMeeting):

1. Michael Musante
2. Mark Medema
3. Stefan Huh
4. Sara Batterton
5. Yair Inspektor

Note: Quorum was present.

Staff Members Present: (appearing via GoToMeeting):

1. Brianna Griffin, Program Manager, OPCSFS
2. Linda Sun, Director, Federal Programs and Strategic Funding & OPCSFS
3. Darryl Brantley, Financial Program Specialist, OPCSFS
4. Nagesh V. Tammara, Senior Assistant General Counsel, Office of the General Counsel
5. Lee Hagy, Attorney, Office of General Counsel

Guests (Public Meeting Attendees all via GoToMeeting):

1. Chris Pencikowski, Executive Director, Lee Montessori Public Charter School
2. David Endom, Founder, Level Field Partners
3. Alex Shawe, Founder, Level Field Partners
4. Rob Tate, Level Field Partners

Approval to go into Executive Session:

1. Michael Musante called the meeting to order at 12:32P.M.
2. Michael Musante requested a motion to go into the Executive Session
2. Mark Medema made a motion to go into Executive Session
4. Sara Batterton seconded the motion

EXECUTIVE SESSION NOTES:

- Above-Noted OPCSFS/OSSE Staff were in attendance via GoToMeeting

REDACTED

Approval of October 21, 2021 Committee Meeting Agenda:

1. Michael Musante requested a motion to approve the meeting agenda.
2. Mark Medema made a motion to approve the meeting agenda.
3. Stefan Huh seconded the motion to approve the meeting agenda.
4. All said Aye.
5. Agenda approved by unanimous vote.

Approval of September 16, 2021 Committee Meeting Minutes

1. Michael Musante inquired as to whether there were any changes to the public meeting minutes from July 15, 2021, and hearing none, requested a motion to approve said meeting minutes.
2. Mark Medema made a motion to approve the September 16, 2021 meeting minutes.
3. Stefan Huh seconded the motion.

4. All said Aye.
5. The September 16, 2021 meeting minutes were approved by unanimous vote.

Transactions Disclosure Checklist (Conflict of Interest Policy)

As set forth in Attachment C (Transaction Disclosure Checklist) of the Office of Public Charter School Financing and Support - Conflict of Interest Policy (Policy), Michael Musante, Chair inquired of the Committee membership the following as it relates to the transactions presented (i.e. Lee Montessori Public Charter School) to the Committee for approval:

Do you or a person closely affiliated (as defined by the Policy) to you have any of the following relationships with any of the financially interested entities involved in this transaction? The respective questions and responses are captured in the table below with the noted exceptions.

N = No Y = Yes	Financially Interested Entities (FIEs)	
	The public charter school(s) seeking financing from the Committee	Any other financially interested entity involved in the transaction

	Current	Prior (past 5 years)	Current	Prior (past 5 years)
Serve as a board member, officer, or employee?	Medema – N Musante – N Huh – N Inspektor- N Batterton - N	Medema – N Musante – N Huh – N Inspektor – N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Receive compensation for serving as a board member?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Receive compensation for a position (officer or employee)?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Perform consulting or other services?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton – Y*
Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh - N Inspektor -N Batterton - N
Employed by an organization on whose board of directors an individual involved in the transaction sits?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Registered as a lobbyist on behalf of the interests?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton N

	Financially Interested Entities (FIEs)			
	The public charter school(s) seeking financing from the Committee		Any other financially interested entity involved in the transaction	
	Current	Prior (past 5 years)	Current	Prior (past 5 years)
Parent of a child attending?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -Y	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Volunteer(ed) at or with?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N
Any other information to disclose?	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N	Medema – N Musante – N Huh – N Inspektor -N Batterton -N

**Note: Sara Batterton did indicate a prior relationship with Lee Montessori, PCS and its consultant Level Field Partners. Neither relationship constitutes a current conflict of interest.*

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PRESENTATION OF TRANSACTION

A. LEE MONTESSORI PUBLIC CHARTER SCHOOL – REQUEST FOR A NEW DIRECT LOAN IN THE AMOUNT OF \$1,700,000 AND A CREDIT ENHANCEMENT IN THE AMOUNT OF \$1,000,000

1. Darryl Brantley introduced Lee Montessori PCS request to obtain a new Direct Loan in the amount of \$1,700,000, and a Credit Enhancement in the amount of \$1,000,000.

- a. Lee Montessori PCS has requested a new direct loan in the amount of \$1,700,000 and a new Credit Enhancement in the amount of \$1,000,000. The purpose of the new direct loan is to acquire the property located 3625 R Street SE Washington DC. The school is currently leasing the building from Eagle Academy. The purchase price for the building is \$11,000,000. City First Bank will serve as the Senior Lender on the Project. The building acquisition is Phase I of a \$21,500,000 overall project. Phase 2 of the project will consist of a renovation of the building to include an increase of approximately 14,000 additional square footage and increase the number of core classrooms from 6 to 18.
- b. The direct loan would be for a one (1) year term carrying an interest rate of one Percent (1.00%) per annum and have 4 quarterly interest payments with a balloon payment at the end. There will be a 1% origination fee of (\$17,000).
- c. The direct loan would be repaid out of the bond proceeds that will be used for the Phase 2 financing package.
- d. The credit enhancement will also be for a one (1) year term.
- e. Level Field Partners will serve as project manager for the overall project.
- f. The risks identified include the appraisal, which has not been completed, construction risks, and economic risks regarding COVID-19 and enrollment.
- g. The strengths identified include experienced charter school leaders with a strong board of directors along with Lee Montessori PCS historically meeting its debt service obligations with OSSE.

2. Discussion:

- a. Stefan Huh inquired about the school's response to the community concerns and whether the school has engaged any legal counsel regarding the matter.
- a. Chris Pencikowski, Executive Director, Lee Montessori PCS, indicated that the issue concerning the community and the building has nothing to do with Lee Montessori PCS but rather are Eagle Academy issues that Eagle Academy will have to address and resolve. The school has not engaged legal counsel because they do not have any issues with the community concerns. The community has informed the school that they are happy that Lee Montessori is going to take over the building. Lee Montessori held its 1st monthly community meeting and has committed to having regular monthly meetings to keep the community informed throughout the renovation process. He indicated that the school will run a highly professional community outreach program.
- b. Michael Musante asked if the ANC will have to take up any resolution or anything.
- c. Chris Pencikowski, Executive Director, Lee Montessori PCS, indicated that the school has received strong support from the ANC. There is currently a paper alley that is in question.
- d. Mark Medema inquired as to how long it will be before the appraisal is completed.
- e. Rob Tate, Level Field Partners, indicated that the appraisal should be completed within approximately 2 weeks.
- f. Sara Batterton asked whether the school could share an enrollment update.

- g. Chris Pencikowski, Executive Director, Lee Montessori PCS, indicated that he was excited to share this information and that the school was fully enrolled in the East campus with 160 students. He mentioned that they were having more of a difficult time enrolling the ward 5 campus.
- h. David Endom, Co-Founder, Level Field Partners, mentioned that the loan for City First Bank will be for the full \$9,900,000 and that the OSSE loan will be for \$1,700,000.

3. Transaction APPROVAL

- a. Michael Musante asked for a motion to approve the request of a new direct loan in the amount of \$1,700,00 and a new credit enhancement in the amount of \$1,000,000. The loan and credit enhancement would both be for a One (1) year term.
 - b. Mark Medema made a motion to approve the transaction.
 - c. Yair Inspektor seconded the motion.
 - d. All said Aye.
 - e. The motion carried and the transaction was unanimously approved.
- 4. Direct Loan and Credit Enhancement Program Overview/Presentation (attached hereto in the form as presented to the Credit Committee)**

Adjournment:

- a. Yair Inspektor made a motion to adjourn the meeting.
- b. Mark Medema seconded the motion.
- c. All said Aye.
- d. The meeting adjourned at approximately 1:20 pm.

